



Atlantic Screen Media EIS Fund

Background

- The Atlantic Screen Media EIS Fund was established in 2017 to provide investors with the opportunity to invest in the intellectual property of a broad range of media companies initially spanning music scores for film and television, and comics
- The Fund's expertise is in selecting businesses that create IP content that is ready for exploitation giving investors exposure to content that will generate predictable, recurring income over the long-term
- The Fund is underpinned by the inherent value and economic life cycle of its comic and musical score IP. In the last 3 years the Fund has invested in AS Comics Ltd, a comic book development company and in Raven Scores Ltd, a film and television music scores business
- Raven Scores has invested in 23 music scores for high profile films such as *At Eternity's Gate* starring Willem Dafoe, *Ophelia* starring Daisy Ridley and Naomi Watts, and *The Tax Collector* starring Shia LaBoeuf
- AS Comics has deployed funds to create 12 new comic book titles which have options to be converted into TV and film productions
- AS Comics works in partnership with AfterShock Comics in the USA, whose key management are ex Marvel and DC executives

Film Scores

- Raven Scores invests a maximum of £200,000 on a film score and over five years aims to recoup c.120% of what it invests; at the same time it owns an asset which has embedded value and generates royalties in perpetuity
- To date Raven Scores has invested in 23 film scores that typically deliver a c.200% return over five-years
- A music score will earn royalty income from box office returns, TV and cable broadcasts, streaming downloads, and CD soundtrack sales
- Film score owners are paid music royalties by the minute when the film is watched and typically earn c.0.5% from the box office
- Film music also generates additional income from selling and re-using the music in adverts and trailers
- Musical scores represent a low entry point to the market vs investment in the actual film production itself, giving Fund investors a piece of Hollywood
- The top five markets for the generation of music royalties are the UK, Germany, France, USA, Canada
- *Escape Plan*, an action thriller film released in 2013, has been Atlantic Screen Group's top performing film score to date generating c.£500,000 in music royalties from a £135,000 investment, representing a return of c.400%

Comics

- AS Comics invests a maximum of £75,000 in launching a new comic book IP, with an aim of selling the IP to a production house to convert into a TV programme or film or games format once the comic is established
- Demand for comics and their conversion into other formats has increased during the C19 pandemic
- AS Comics' most successful comic to date, *Dark Red*, has recently been optioned by a major Hollywood studio to make into a TV series



- Mass market trade bookstores, as opposed to specialist comic stores, are driving comic sales in the US as they sell to everyone and the best-selling comics are increasingly not superhero titles, which plays to AS Comics' strength as that is not its market

Track record

The management of the Fund are senior music and film industry executives who have managed or owned music catalogues of some of the largest media groups in the world. They have an impressive track record spanning over 30 years having previously invested in multiple successful IP projects. The Fund has so far invested in two companies, both of which are on track to achieve positive returns, despite the challenges caused by Covid that has affected so many businesses.

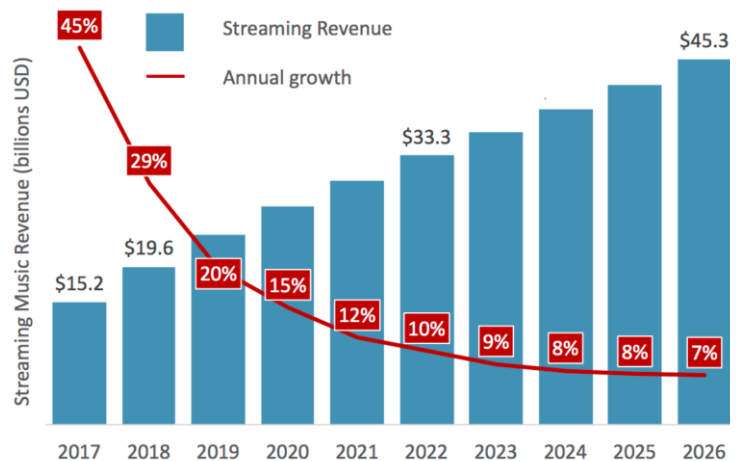
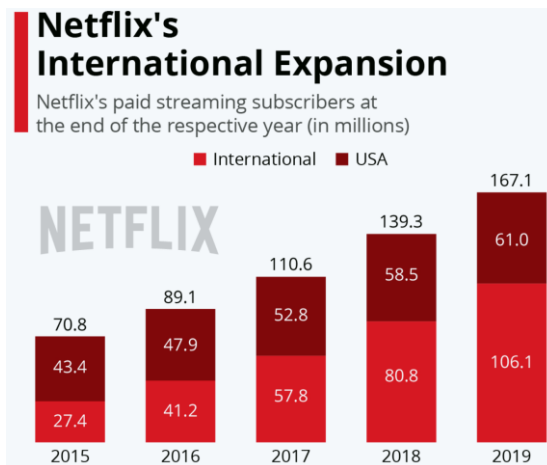
Structural growth drivers for the industry

Streaming content

- The value of global streaming services in 2019 was \$42bn and is forecast to grow to \$184bn by 2027
- The five largest global streaming platforms are forecast to have 553m pay subscribers by 2025, a 55% increase from current 357m
- Netflix's budget of \$13.6bn in 2020 for films and programming outspends all major rivals and is up \$3bn on the prior year; c.\$4.4bn of the total will be spent on new, original content
- 10m subscribers joined Netflix in Q2 2020, bringing the total number of new subscribers to 26m in H1 2020. In contrast, Netflix saw 28 million new subscribers for the whole of 2019
- In the UK 14.3m subscribe to a streaming service (53% of all households) and 6m subscribe to two services
- Covid is accelerating demand: In the UK during lockdown 12m people joined a streaming service they hadn't used previously and spent one hour 11 minutes per day watching content, double what it was before lockdown
- 57% of UK users found access to original content being the top reason for subscribing and 71% of millennials found this the most important reason to subscribe
- In the UK, the Performing Rights Society processed a record £686m of royalties paid out in 2019 to songwriters, composers and music publishers - up 13.7% on the prior year

Emerging markets

- Total internet streamed TV and video revenue within the Asia Pacific region totalled \$21bn in 2018 but will more than double to be worth \$48bn in 2024
- China is forecast to account for 57% of that total, with Japan taking 14%, South Korea, Australia and India around 6%
- Subscription Video On Demand (SVOD) growth is forecast to come from emerging markets in Latin America, with total subscribers doubling from 2018 to hit 51 million by 2024
- That expansion will be led by Brazil and Mexico which together will account for two-thirds of total LatAm SVOD subscriptions, which will collectively be worth c.\$8.3bn
- In July 2019, Netflix launched a mobile-only plan exclusive in India priced at under \$3/m that reflects the focus many streaming providers are putting on mobile video content delivery as smartphone penetration is forecast to hit 63% by 2025



Comics

- The average comic book takes c.£75,000 to get to its first edition and it nearly always makes back the investment; what's essential is to create valuable IP for optioning to TV and film productions
- Huge demand for content from the streaming channels and much of this originates from comic book stories, such as the *Walking Dead*
- Marvel and DC Comics have become massive generators of production IP
- Asia Pacific has the largest share of the global comic market, accounting for c.41% in 2019 with North America (c.28%) and Europe (c.23%)
- The North American comic book sales market grew from \$935m in 2014 to \$1.21bn in 2019
- The global comic book market size is projected to reach c.\$4.6bn by 2026, from \$3.8bn in 2020, at a CAGR of 3.3%

Management Team

Simon Fawcett (Chief Executive)

Besides being CEO of Atlantic Screen Group, Simon is a partner in Empyre Media which has successfully invested in a series of Hollywood studio films including the Oscar winning *The Revenant*, *Lone Survivor* and *Two Guns*. Previously he was the CEO of Aramid Capital Partners, which managed a \$250m Fund specialising in Entertainment Loan Finance and funded more than 30 films. Simon was previously the Finance Director of Pathé Entertainment. Simon qualified as a Chartered Accountant with KPMG.

Steve Orchard (Chairman)

Steve was a radio presenter and rose through the ranks of GWR Group becoming Programme Director and PLC main Board Director following the company's flotation on the Stock Exchange. His successes include the relaunch of Classic FM in 1997 and the creation of the UK's first national commercial radio station, Planet Rock. He was a non-executive director of Independent Radio News and UK Top 40 Ltd and became a member of the Sony Radio Awards committee and Brits judge. Steve sat on the main Board of the industry's largest plc, GCap Media in 2005.

Kin Capital Partners LLP acts as the regulated fund manager and promoter for the Fund.

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